

INDIANA ECONOMIC DEVELOPMENT COUNCIL, INC.

# 2003 Annual Report

INDIANA  
ECONOMIC  
DEVELOPMENT  
COUNCIL, INC.



**For the Year Ending June 30, 2003**

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# Measuring Telecommunications Competitiveness



The majority of the Indiana Economic Development Council's efforts in fiscal year 2003 were to enhance Indiana's foundation for 21<sup>st</sup> Century economic development. The center of the Council's work was evaluating advanced telecommunications effectiveness. INdiana INterconnect is a statewide initiative to assess and improve Indiana's advanced communications infrastructure in order to enhance the state's competitive economic development climate. Broadband, or high-speed network access, has become a fundamental building block of infrastructure for economic development, as basic as highways and utilities. By establishing itself as an interconnected state, Indiana can evolve from being the Crossroads of America to a crossroad in the global economy.

The initiative involves collaboration among the Indiana Economic Development Council, Indiana Department of Commerce and Central Indiana Corporate Partnership. The initial project included mapping existing service access and networks across the state; testing the performance of dial-up connections (the prevalent means of accessing the Internet); and surveying homes and businesses on Internet usage, technology choices and predictions about future demand for advanced telecommunications tools.

## Findings:

- Overall, 69.8 percent of Hoosiers have access to broadband; the number of connections now equals 206,000 — a one-year increase of 67 percent.
- Indiana's broadband subscription rate (21 percent) lags the national rate of 25.5 percent.
- Telephone companies provide less than half of broadband access.
- The inventory provides a replicable catalog of community-based and supplier initiatives that may help others extend the availability of their high-speed Internet access capabilities.
- Southern Indiana (south of U.S. 40) has less broadband infrastructure and cable-modem service is relatively sparse in Western and Southern Indiana. DSL is more generally distributed around the state.
- Network connection speeds vary by ISP.
- Residential users are satisfied with their ISP's responsiveness and speed, despite frequent service interruptions.
- It is clear that, with the use of more sophisticated applications, whether for entertainment, business, or quality of life purposes, greater performance is required for more sophisticated applications.
- At download speeds ranging from under 20 kilobits per second (Kbps) to slightly more than 40 Kbps, dial-up does not provide the performance characteristics needed for business, distance learning or telemedicine.
- Greater broadband availability at competitive rates can address those performance needs.

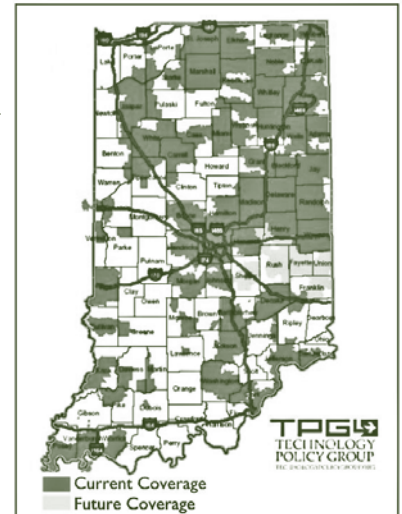
# Measuring Telecommunications Competitiveness

- Broadband is particularly important for targeted industry sectors: agriculture, manufacturing, distribution and logistics, and the life sciences. These industries have increasing dependence on Internet resources for everything from research and product development to supply-chain management and distribution.
- Broadband utilization varies markedly among industry sectors. The great majority of life sciences and manufacturing companies are located in areas that have broadband access, compared to only 60 percent of agricultural interests. Manufacturing companies in Indiana exhibited more sophisticated and extensive use of Internet technology compared to other targeted industry sectors.
- Company size affects Internet usage: more than 75 percent of large companies have corporate Web sites; 33 percent of companies with fewer than 25 employees have one.
- Households with an online connection engage in e-commerce: 89 percent of Internet users search for products and service; 69 percent routinely purchase goods via the Web. For all Indiana households, 45 percent of individuals surveyed have purchased goods over the Internet (whether at home, work or elsewhere). This rate exceeds the U.S. average of 34 percent.
- Nearly all Internet users express concern about the privacy and confidentiality of information.

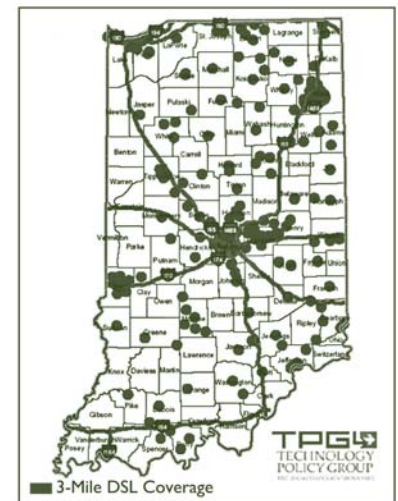
The INdiana INterconnect report, *Connections in an Information Age: Indiana at Work and Home*, points out several supply and demand dynamics that have implications for the health of Indiana's economic development. Cable-modem and DSL services are being deployed rapidly throughout the state as a whole, but slowest in rural areas distant from population centers. Small carriers, communities and entrepreneurs are developing plans to deploy services that respond to the demand for broadband at affordable prices. As suppliers, these small groups are finding ways to extend their reach inexpensively using several broadband technologies.

The study was unveiled in early July 2003, one week before the inaugural Indiana Broadband Conference at Ball State University. At this sold-out conference, participants were able to hear from a variety of industry experts on the applications and future of broadband. They were also able to share experiences from their own communities and discuss opportunities for future partnerships.

## Cable Modem Coverage, July 2003



## DSL Coverage, July 2003



# Applying Technology

## Tapping into the Power of GIS Technology

In 2003, the Council continued its involvement with the Indiana Geographic Information Systems (GIS) Initiative. GIS is a computer mapping and analysis tool that combines layers of information about a specific geographic area. It has become a valuable tool in economic development, allowing government and emergency services to be delivered more efficiently and enabling economic development professionals to combine relevant data about an area.

In 2003, IndianaMap was launched — the statewide geographic information infrastructure and part of the National Map (see [www.in.gov/ingisi/pdf/prospectus.pdf](http://www.in.gov/ingisi/pdf/prospectus.pdf)). Phase 1 provided statewide benchmarking of local GIS activity, gap analysis of framework (i.e., base map) data, and a plan for completion. IndianaMap Data Clearinghouse provides the first comprehensive access to local geographic information data through its portal ([in-ulib-brayton.ads.iu.edu/MetadataExplorer/](http://in-ulib-brayton.ads.iu.edu/MetadataExplorer/)).

A separate project introduced GIS tools and benefits to Indiana communities. The Council hosts a basic Web-based “Map of Indiana” on its site ([www.iedc.org](http://www.iedc.org)). The map enables users to create, save and print a customized state map for presentations. The project gives Hoosiers a glimpse of the potential uses of GIS information. “Benefits of GIS” demonstrates what GIS is and how it is being used in Indiana public health and safety, economic development, land and water resources, and the business of government.

## Technology Resources for Small Business

While tools are available to present a wide variety of programs to policy makers, the Council recognizes that some audiences need targeted packages of program information. The Council’s first step in this direction was a compilation of technology resources for small business: *Technology Assistance/Transfer Program Listing*. This guide is designed specifically for the small business owner. Its intent is to present technology resources and assistance available to small businesses in a single document. Limiting the focus of the document to technology assistance made it easier to navigate and helps those advising small businesses to focus on an issue critical to entrepreneurs. Like the Council’s *Program Profiles* document, the technology resource guide is intended to be a perpetual document, updated as new resources become available.

## Process Improvements in Advanced Manufacturing

Recent economic times have hit the manufacturing sector particularly hard. As a result, the economic development community has looked beyond their typical scope. By necessity, local development professionals have assessed not only at what makes their state, city or region more competitive, but also what will make their existing businesses more competitive. The report, *Process Improvements in Advanced Manufacturing*, looks at strategies businesses are using to become more competitive in a global environment. This report was designed to introduce policy makers to process improvements and begin the discussion of how public policy can help in this area.

# Offering Research, Resources

## Indiana Small Business Development Centers

The Council is in its 18<sup>th</sup> year of hosting the SBDC Network: a partnership between the U.S. Small Business Administration, the Council and regional hosts. During the past year, business consultants throughout the state were very productive in their outreach efforts. A total of 3,248 clients received approximately 32,000 hours of business consulting. In addition, 526 education programs were conducted with 7,941 individuals attending.

In 2002, six regional SBDCs conducted the Collegiate Management Program (CMP). The program allows for SBDC clients to receive free management assistance in the form of projects conducted by a team of college students. The CMP is designed to be a learning experience for both student and SBDC client. In 2002, 75 clients received 16,349 hours of consulting from their local SBDC and participating CMP institutions.

NxLevel<sup>TM</sup> is a multi-week training course for both potential and existing entrepreneurs, offering a practical, condensed series of entrepreneurial training sessions. The purpose of the course is to teach entrepreneurs better business planning skills, from business concept development to actual preparation of a comprehensive business plan. The course enables them to work through the various states of business growth and development. In 2002, five regional SBDCs offered 29 NxLevel<sup>TM</sup> training courses to 429 attendees.



## High-Growth Manufacturers

In fiscal year 2003, the Council continued its research on the characteristics and needs of high growth companies. The intent of the research is to identify the location and type of growth that is occurring in Indiana regions, the elements that set these high growth companies apart from their competitors, and ways public policy can facilitate their success.

Growth company research in fiscal year 2003 was conducted in partnership with the U.S. Economic Development Administration and SBC Foundation.

In previous years, the Council had conducted preliminary research on Indiana's population of growth companies using a number of national databases. This year, the focus was on high-growth manufacturers. The Council has partnered with the Indiana Business Modernization and Technology Corporation (BMT) to utilize a needs survey. Through this survey, BMT was able to identify high-growth manufacturers in selected Indiana regions and identify common characteristics and needs. The final *High Growth Manufacturers* report will be completed in August 2003 and made available on the Council's website.

## Compilation of State Rankings: Getting Another View

Each year, the Council produces its *Compilation of State Rankings*. This document examines the state's ranking in a variety of indexes measuring economic performance, business climate and quality of life. Where possible, consistency in the measures monitored enables the reader to compare Indiana's movement in the rankings from one year to the next. In addition to gathering and reporting results, the Council has the task explaining which factors go into the rankings and what changes in the economic climate causes positive or negative movement from year to year.

## Program Profiles: Online Listing of Economic Development Programs

The Council continues to maintain and update its *Economic Development Program Profiles* publication. The information in *Program Profiles* is designed to help policy-makers understand the mission and objectives of various state economic development programs. In 2003, the publication became an Internet-accessible document, available on the Council's Web site ([www.iedc.org](http://www.iedc.org)). The change will enable users to obtain information on specific programs, rather than flipping through a large printed document. Program managers are now able to view their program's profile online and submit changes directly to the Council, ensuring that the document is always as up to date as possible.

## [www.iedc.org](http://www.iedc.org): Serving as a Resource

The Indiana Economic Development Council's Web site ([www.iedc.org](http://www.iedc.org)) underwent revisions throughout 2003 to make it more user-friendly and informative. The site has a completely new look and design as well as several new areas, including links to new and popular projects and business journals around the country. In addition, the Council has created a second Web site, dedicated to the INdiana INterconnect project. The site can be found at [www.indianainterconnect.org](http://www.indianainterconnect.org).

Over the course of the next year, the Council plans to better integrate [www.iedc.org](http://www.iedc.org) with other economic development Web sites and add a Regional Information section. It is also the Council's intention to make all reports and publications available through the Internet — a policy we began in Fiscal Year 2003.

## Publications

*Connections in an Information Age: Indiana at Work and Home (INdiana INterconnect project)*, June 2003, 44 pages.

*Technology Assistance/Transfer Program Listing*, June 2003, 37 pages

*Process Improvements in Advanced Manufacturing and Beyond, Company Level Efforts: Community-Wide Impact*, June 2003, 10 pages.

*2002 Compilation of State Rankings*, December 2002, 4 pages

*Economic Development Program Profiles*, regularly updated, 151 pages.

*Midwest Portal, Comprehensive Economic Development Strategy for Central Indiana*, June 2002, 51 pages

*Pathways to a Livable Wage*, May 2001, 31 pages. Executive Summary, May 2001, 8 pages.

*Break Away Growth*, April 1999, 36 pages. The state's fourth strategic plan for economic development.



# Indiana Economic Development Council, Inc.

Statement of Activities, Year ended 6/30/2002

	General Fund	Project Fund	Total
<b>Support &amp; Revenue:</b>			
State appropriations	\$259,350	-0-	\$259,350
State and municipal grants	-0-	\$88,794	\$88,794
Federal grants	-0-	\$1,831,971	\$1,831,791
Private grants and contracts	-0-	\$336,800	\$336,800
Miscellaneous Income	-0-	-0-	-0-
Interest Income	\$2,332	-0-	\$2,332
<b>Total Support and Revenue</b>	<b>\$261,682</b>	<b>\$2,257,565</b>	<b>\$2,519,247</b>
<b>Expenses:</b>			
Operating expenses	\$687,144	-0-	\$687,144
Payments to sub-recipients:			
Federal	-0-	\$1,779,814	\$1,779,814
Other	-0-	-0-	-0-
<b>Total Expenses</b>	<b>\$687,144</b>	<b>\$1,779,814</b>	<b>\$2,466,958</b>
<i>Change in net assets</i>	<i>(\$425,462)</i>	<i>\$477,751</i>	<i>52,289</i>
<b>Net Assets, Beginning of Year</b>			
<b>-Unrestricted</b>	<b>\$355,985</b>	<b>-0-</b>	<b>\$355,985</b>
<b>Interfund Transfers:</b>			
<b>Project revenue earned</b>	<b>\$477,751</b>	<b>(\$477,751)</b>	<b>-0-</b>
<b>Net Assets, End of Year</b>			
<b>- Unrestricted</b>	<b>\$379,454</b>	<b>-0-</b>	<b>\$379,454</b>

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